

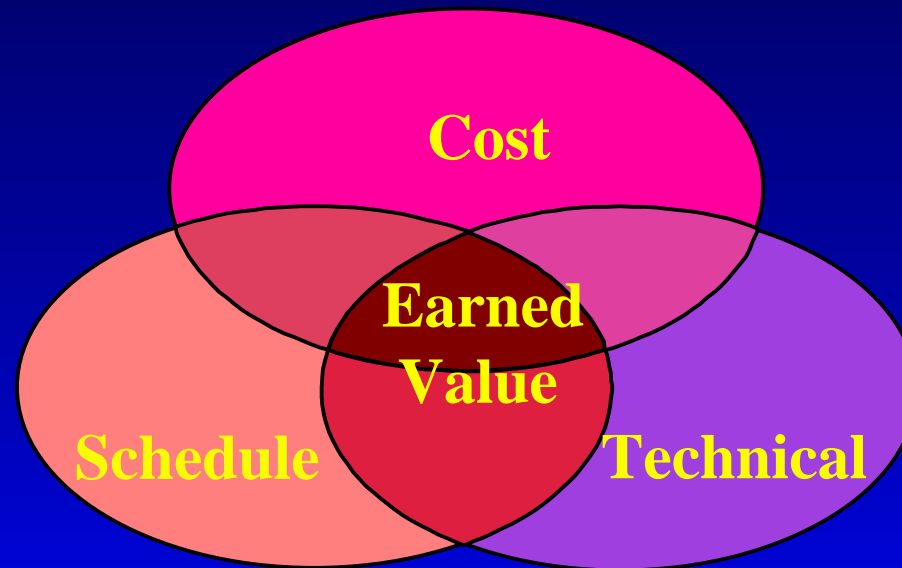


Defense Contract Management Command (DCMC)

EARNED VALUE MANAGEMENT

Liaison Conference

5 May 1997



Mr. Kevin Kane

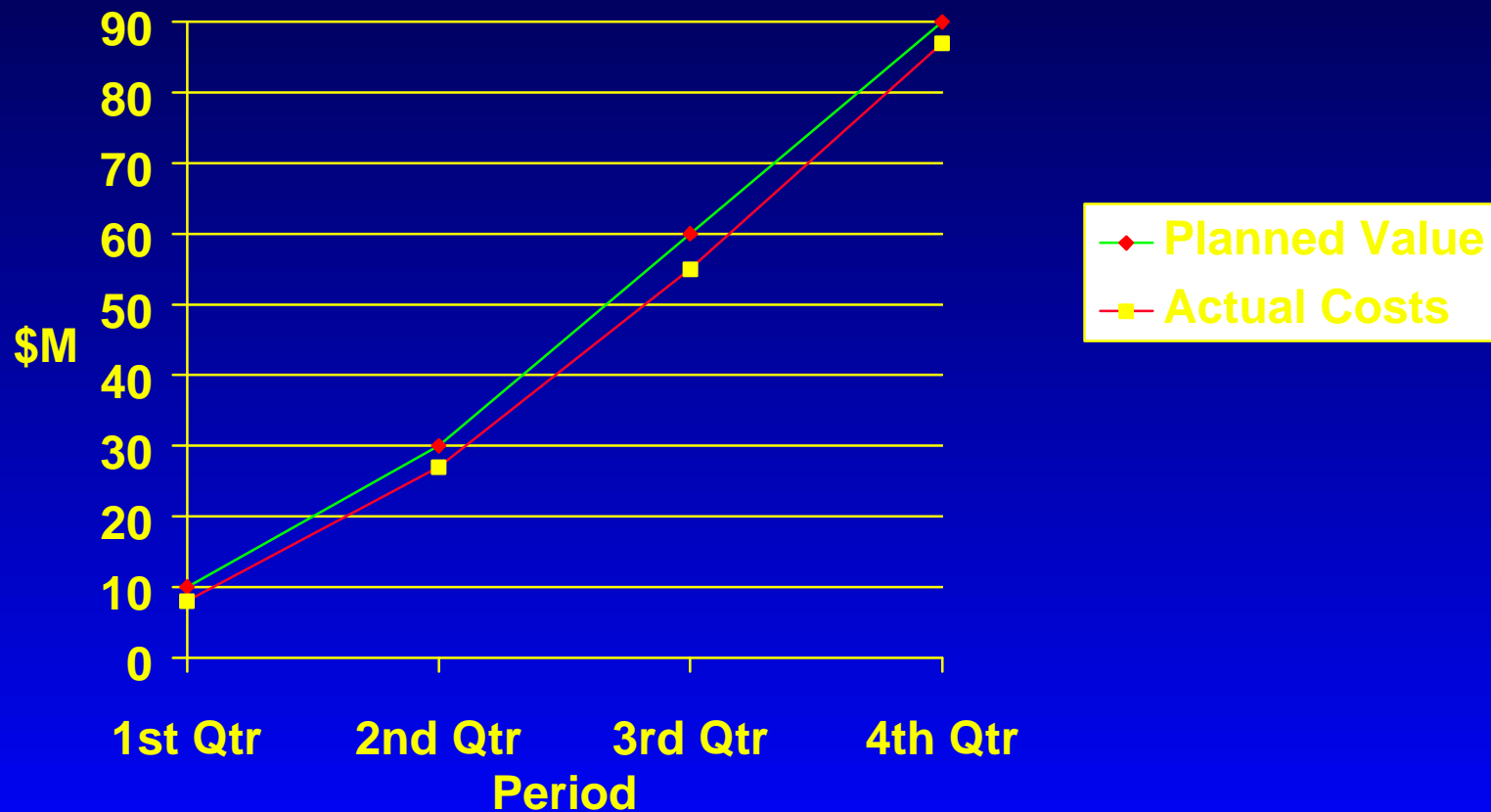
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Earned Value Management Expenditure Tracking - NOT!! Earned Value

Program XYZ

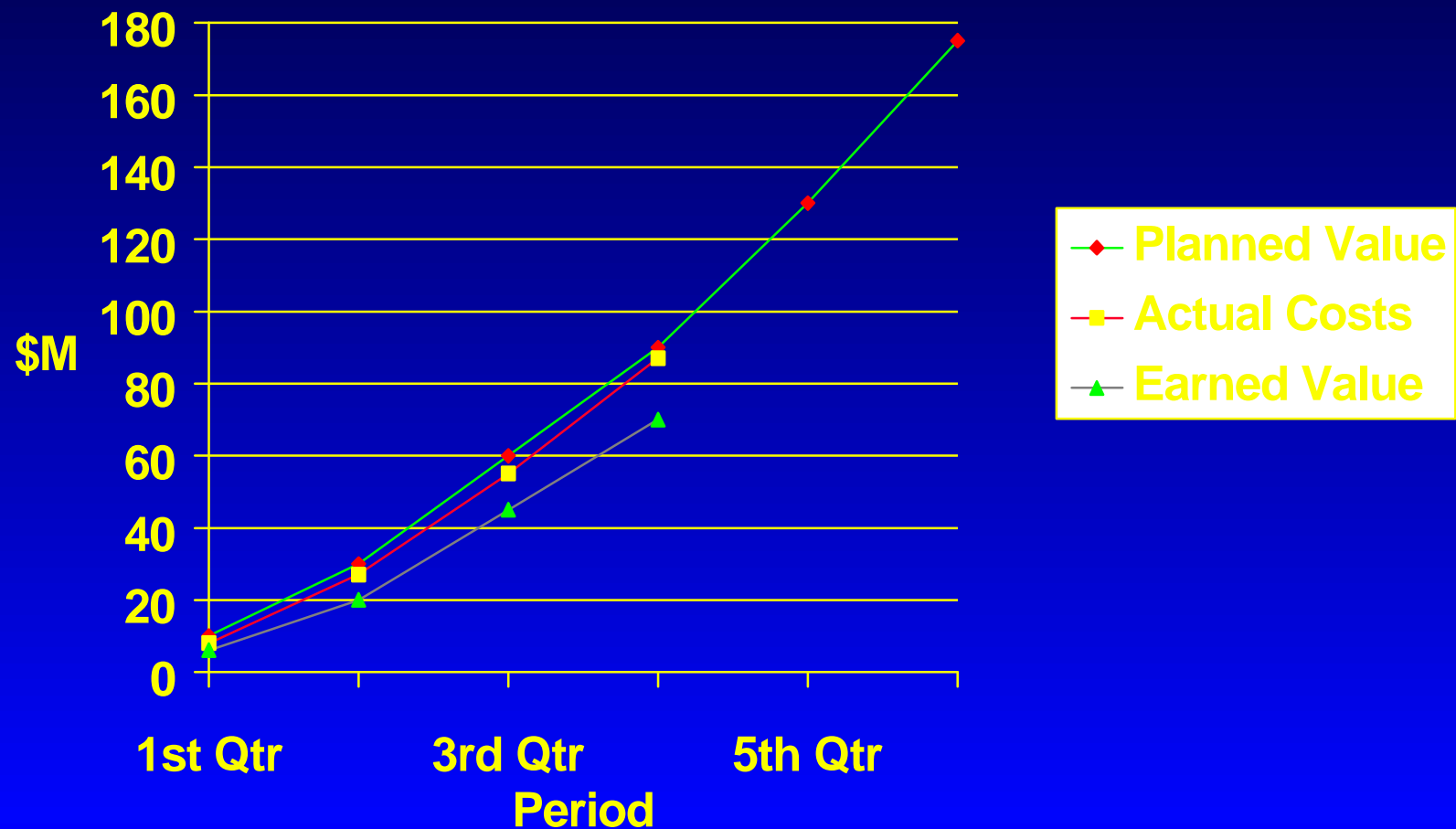




Earned Value Management

Performance Measurement - IS Earned Value

Program XYZ





Earned Value Management Policy/Procedural Responsibility

- **USD(A&T) Direction ... Dec 4, 1995**
 - **Joint-Service Executive Group Abolished ... DCMC assigned responsibility as DoD “Executive Agent” for C/SCSC**
 - ✓ Streamline C/SCSC Process
 - ✓ Ensure Coordination with Industry
 - ✓ Redefine DoD Component Relationships
 - ✓ Encourage Innovation

*Single/Common
Processes
applicable to
Industry &
Government!*



Earned Value Management DCMC Responsibility

- **USD(A&T) Direction ... Oct 1, 1996**
 - Consolidate EVMS Review execution function under DCMC
 - DCMC assume responsibility for Reviews
 - Manpower levels increased in POM 98
 - Services still implement EVMS on contracts & lead Integrated Baseline Reviews
 - Ensure that DCMC support to Program Offices is maintained & improved

*Better
Customer
Support!*



Earned Value Management Systems

C/SCSC vs. EVMS

Transition from C/SCSC to EVMS:

- **Independent Assessment to Integrated Management**
- **Backward Evaluation to Forward Look**
- **Reporting Requirement to Internal Management System**
- **Government Ownership to Industry Ownership**
- **35 Criteria to 32 Criteria**



Earned Value Management

Establishing the ‘Planned Value Baseline’

General Approach:

- **Decompose the SOW into meaningful product-oriented tasks/events - WBS**
- **Assign groups of tasks to responsible managers - Authorize Work**
- **Identify interrelationships of tasks/events**
- **Assign budgets to related groups of tasks**
- **Timephase budgets/tasks considering resource/facility constraints - Schedule**



Earned Value Management

Establishing the ‘Planned Value Baseline’

End Result:

- **Baseline that integrates scope, schedule, and budget for entire contract**
- **Meaningful target to measure accomplishment/performance against**
- **Early identification of deviations from baseline**
- **Objective means for Govt/Industry personnel to discuss technical issues including cost/schedule impacts !!**



Earned Value Management

Reviewing the ‘Planned Value Baseline’

Government/Industry Objectives:

- **Ensure entire contract SOW is planned**
- **Logical sequence of effort consistent with contract schedule**
- **Assess validity of budgets in terms of resources & time-phasing**
- **Assess E/V methods - objective & meaningful progress information**
- **Govt/Industry jointly review baseline, recurring reviews to mutually assess/manage risks**



Earned Value Management USD(A&T) Message

23 Oct 1995 Performance Mgmt. Conference:

- “I expect public funds to be managed wisely. The key word is “managed.” Not “accounted for,” “monitored,” or “reported,” but managed.”
- “... as responsible stewards of public funds, we must jointly and continuously assess the risk of meeting program cost, schedule, and technical requirements.”



Earned Value Management From Measurement to Management

- **Performance Measurement**

- **Program Management - Financial**

- Trend Analyses
 - Statistical Projections

- **Comptroller**

- Program Oversight
 - Budget Preparation

- **Executive Management**

- Program Oversight
 - Program Decisions

- **Performance Management**

- **Program Management -Technical**

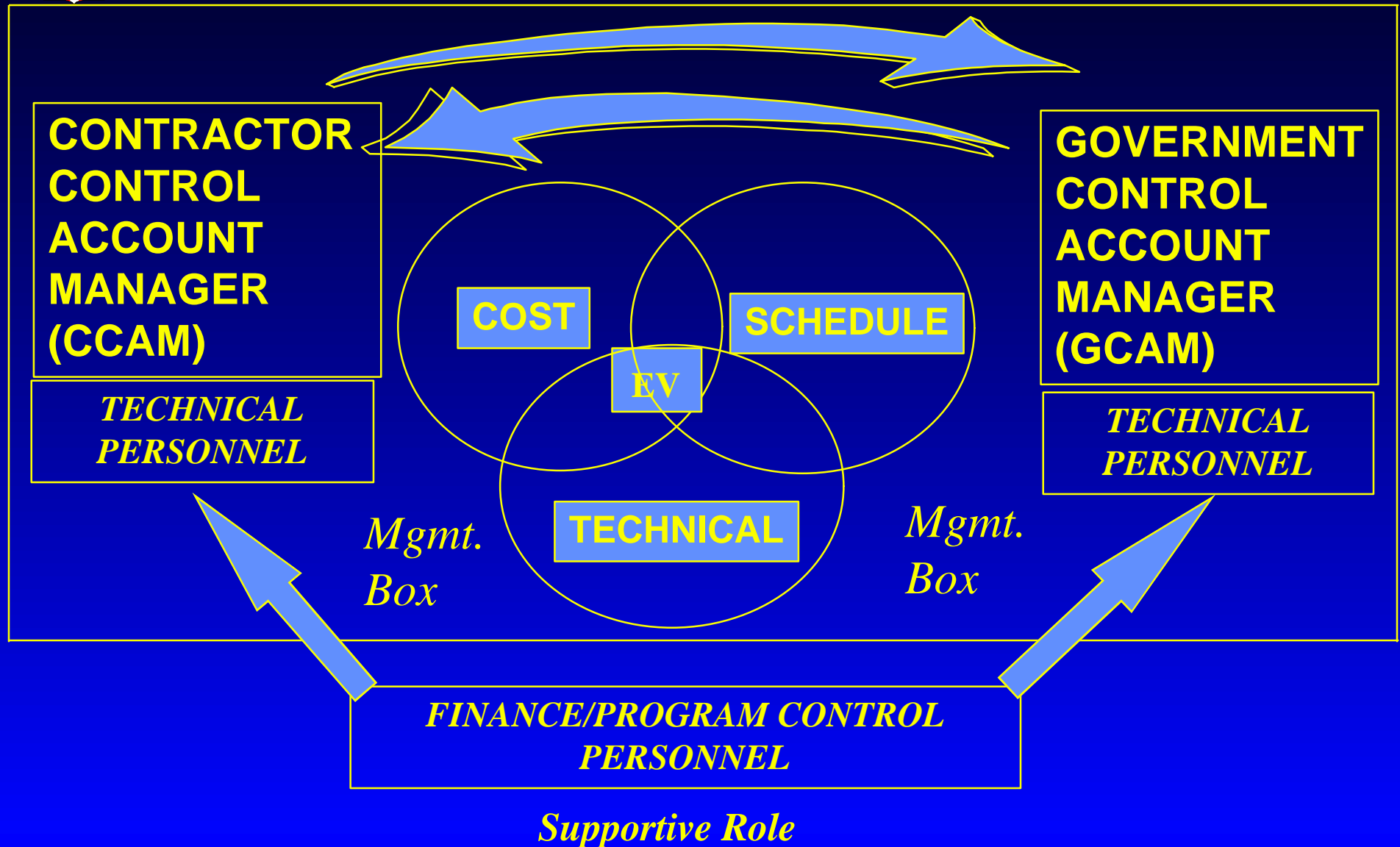
- Risk Analysis/Management
 - Variance Analyses
 - Corrective Actions

- **Govt/Industry Program Manager**

- Dialogue on technical/cost/schedules issues
 - Establish and maintain Program Baseline



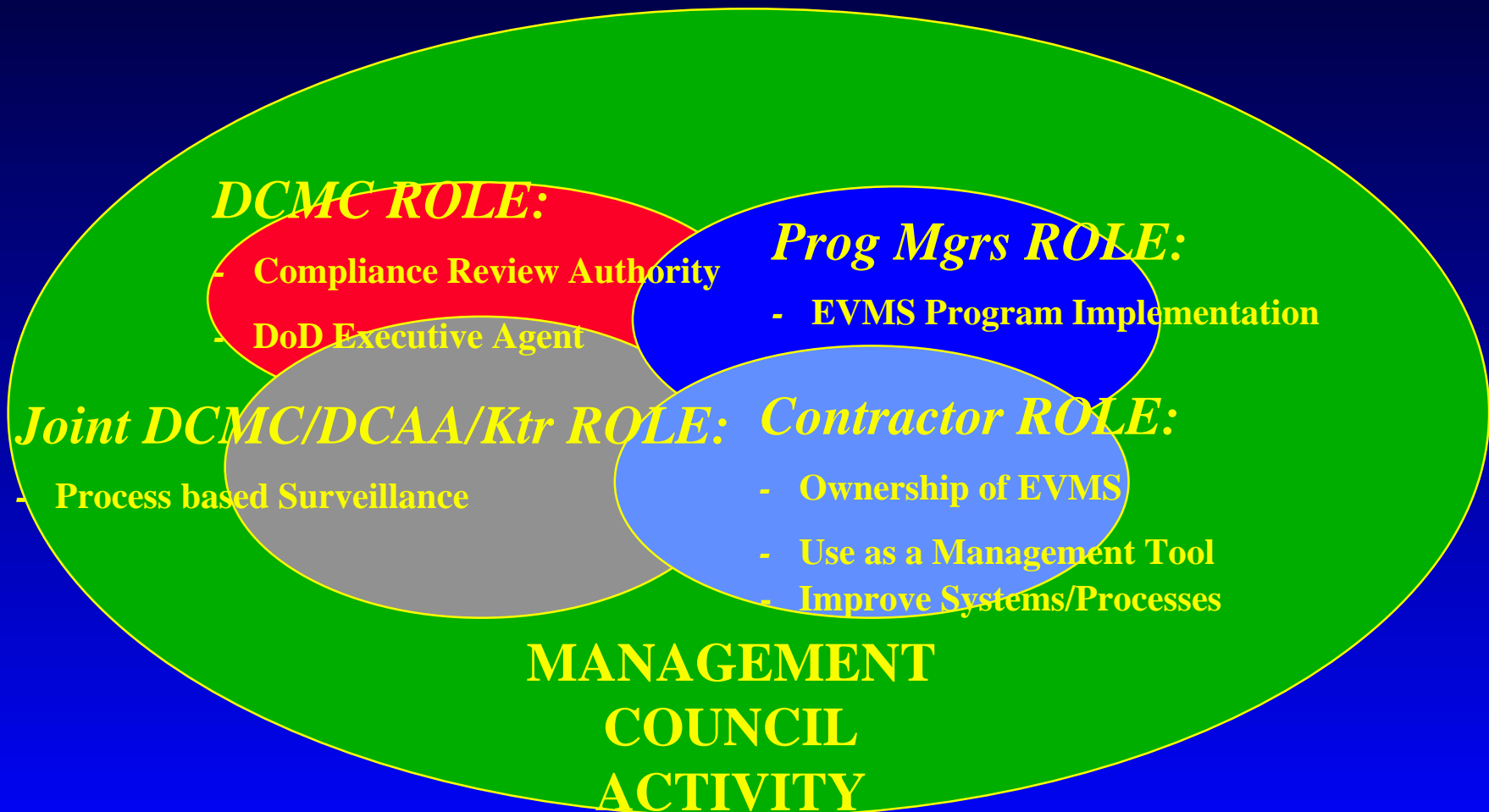
Earned Value Management Changing the Paradigm





Earned Value Management

How do we do this?





Earned Value Management DCMC Current Initiatives

- **CAO Cmdrs. Earned Value Fast Start Kit ... Apr 97**
 - **Implementation shift from C/SCSC to EVMS**
 - **CAO Roles**
 - Encourage/Facilitate Contractor Ownership & improvements
 - Internal management process, not isolated reporting requirement
 - Program Insight/Evaluation
 - EVM System Surveillance
 - **Contractor Roles**
 - Use as effective management tool
 - **Government Program Office**
 - Use EV in management process
 - Consider DCMC Resources
- **EVM Mini - Conferences**
 - **6 Regional Offerings; 2 days each; June - September 1997**
 - **CAO Commander & EVMS Monitor attend**

*Liaison's forward Fast
Start Kit to Govt. PM's -*

*F/S Kit - DCMC
Policy Ltr 97-38, on
DCMC Home Page*



Earned Value Management

The Road Ahead!!

- **Effective Process-Based Surveillance**
 - Industry defines processes IAW how they plan to manage programs
 - Industry/DCMC jointly determine how to measure processes
 - Corrective actions & process improvements
- **Industry Ownership**
 - Use systems as management tools
 - Further progress towards “Real Industry Standard”
- **Earned Value effectively integrated with:**
 - Risk Management Practices
 - Software Development/Management Processes
 - Systems Engineering Processes
- **Net Result: DCMC is RIGHT organization to ensure success of Earned Value Management**



Earned Value Management Expectations





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